



## FY2021 Financial Results

VELTRA Corporation

Tokyo Stock Exchange Mothers: 7048

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A person with their back to the camera, wearing a yellow long-sleeved shirt and colorful patterned pants, sits in a wooden boat on a body of water. Their arms are outstretched towards the horizon. The background consists of steep, rocky cliffs covered in dense green vegetation under a blue sky with scattered clouds.

## **FY 2021 Results Overview**



# FY2021 Performance Highlights

## Business Environment

Japanese overseas travel: 510,000 ppl. minus 97.4% vs 2019 (Jan - Dec)  
 Foreigners visiting Japan: 240,000 ppl. minus 99.2% vs 2019 (Jan - Dec)

Source: Japan National Tourism Organization (JNTO)

## Performance Overview

Continued to control costs amidst the prolonged impact of COVID-19

Operating revenue	492 M JPY	YoY	▲ 397M JPY
Ordinary profit	1,104 M JPY	YoY	+146M JPY
Net income	1,157 M JPY	YoY	+389M JPY

## Performance

- Continued impact by COVID-19, but narrowed losses compared to 2020
- HawaiiActivities (U.S. mainland travelers) achieved all time record highs in sales
- Domestic tour bookings increased in the second half of the year as vaccines become more widely available

## Counter Measures

- Expanded partnerships in the MaaS business (Linktivity)
- Expanded the lineup of domestic tours, expanding the base of the OTA business
- Maintained and expanded the number of active users by running a variety of content

## P/L Summary (Consolidated)

- Approximately 74% (657million yen) of FY12/2020 operating revenue generated in the first and second months prior to COVID-19 impact
- Considering the above, earnings for the current fiscal year increased substantially from the previous fiscal year.
- Continued to implement cost control measures from the previous year, resulting in a reduction in operating expenses.

Unit : million yen	FY2020	FY2021	YoY
<b>Operating revenue</b>	890	<b>492</b>	55.3%
<b>Operating expenses</b>	2,224	<b>1,590</b>	71.5%
<b>Operating loss</b>	▲1,333	<b>▲1,098</b>	—
<b>Ordinary loss</b>	▲1,250	<b>▲1,104</b>	—
Extraordinary expenses	188	<b>16</b>	8.6%
<b>Net income</b>	▲1,547	<b>▲1,157</b>	—
<b>Net income per share (yen)</b>	▲53.58	<b>▲35.12</b>	—

# Operating Revenue and Operating Profit (Loss) Quarterly Trends

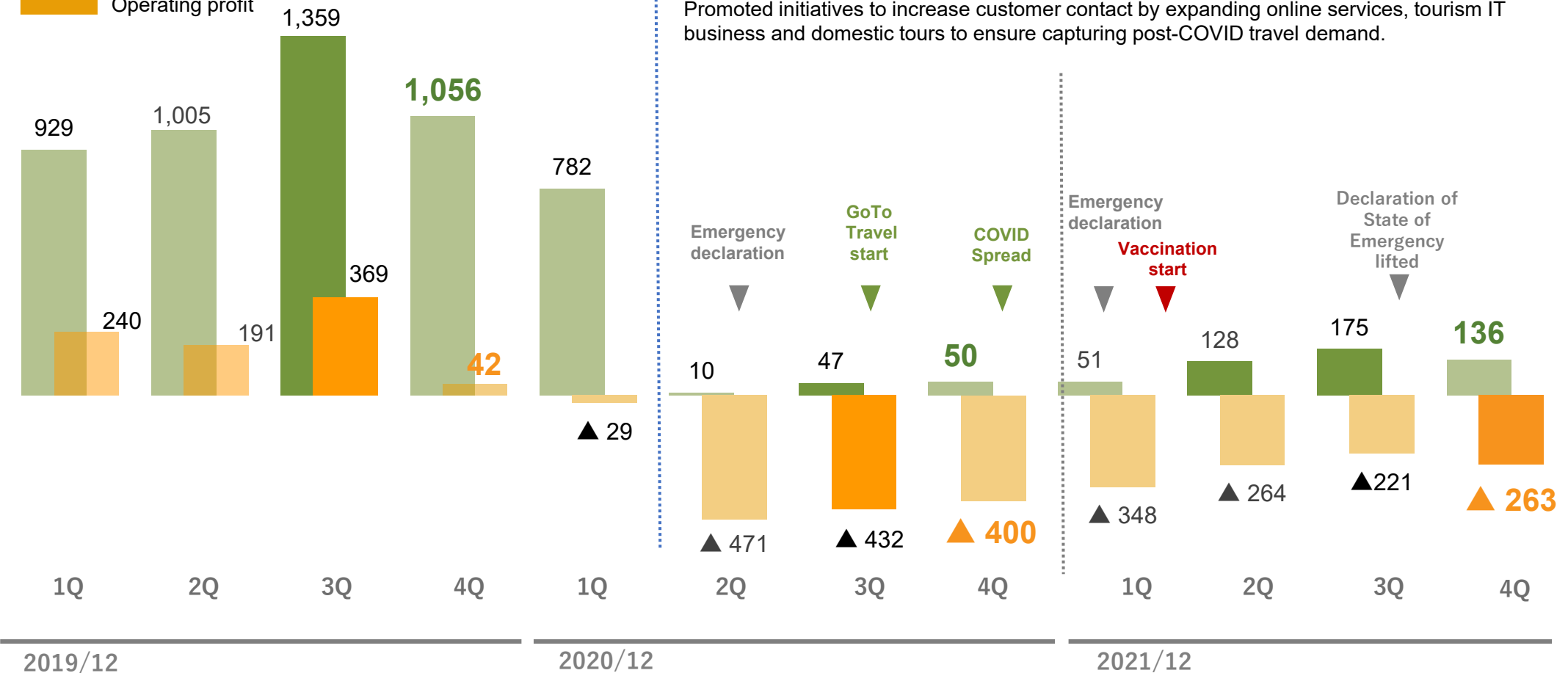
Although there were signs of recovery in 2021, COVID-19 related travel restrictions led to a decrease of 397 million yen in operating revenue.

(Unit: Millions of yen)

Operating revenue  
Operating profit

## Impact of COVID-19

Promoted initiatives to increase customer contact by expanding online services, tourism IT business and domestic tours to ensure capturing post-COVID travel demand.



## Balance Sheet Summary (Consolidated)


Capital adequacy ratio increased to 61.4%, further strengthening financial soundness

Unit: million yen	FY2020	FY2021	Net Change	Notes
<b>Current Assets</b>	1,098	1,414	+316	
Cash and deposits	917	1,197	+279	
<b>Fixed Assets</b>	620	455	▲164	Software decreased by 127 M yen and investments & other assets decreased by 42M yen
<b>Total Assets</b>	1,718	1,870	+152	
<b>Current Liabilities</b>	1,136	691	▲445	Decrease of 611 M yen in short-term loans payable and increase of 83 M yen in advances received
<b>Fixed Liabilities</b>	29	3	▲25	Decrease of 25 M yen in long-term debt
<b>Total Liabilities</b>	1,165	694	▲471	
Favorable Sub Liabilities	760	25	▲735	
<b>Total Net Assets</b>	552	1,175	+623	Capital and capital surplus increased by 798 M yen and 937 M yen, respectively, due to capital increase of the Parent and its consolidated subsidiary Linktivity Corporation, while net loss of 1.2 B yen attributable to shareholders of the parent company was realized.
<b>Capital to Asset Ratio</b>	31.9 % of total	61.4 % of total	+29.5pt	

## C/F Summary (Consolidated)

	FY2020	FY2021	Net Change	Notes
Unit: million yen				
<b>Operating Cash Flow</b>	<b>▲3,244</b>	<b>▲674</b>	<b>+2,570</b>	Increase due to 162 M yen in notes and accounts payable and decrease due to loss of 1.1 B yen before income taxes.
<b>Investing Cash Flow</b>	<b>▲213</b>	<b>▲43</b>	<b>+169</b>	Decrease of 81 M yen due to purchase of fixed assets
<b>Financing Cash Flow</b>	<b>417</b>	<b>964</b>	<b>+547</b>	Increase of 1.7 B yen due to proceeds from issuance of stock and decrease of 600 M yen due to decrease in short-term loans payable
<b>Cash and Cash Equivalents at the end of year</b>	<b>917</b>	<b>1,197</b>	<b>+279</b>	



A woman with her hair in a bun is seen from the back, looking through binoculars. She is sitting in a vehicle, and the background shows a vast, hazy landscape under a bright sun. A semi-transparent white box is overlaid on the right side of the image, containing the text 'FY 2021 Main Initiatives'.

## **FY 2021 Main Initiatives**

### Market Environment

**< Although FY21 expected as market bottom, results were grim >**

- 1) Sluggish domestic travel throughout the year
- 2) International overseas travel at all-time lows

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### Business

**< Formulated scenario for V-shaped recovery on strength of domestic sales >**

- 1) Promoted a foundation for growth for both overseas and domestic travel recovery
- 2) Expanded domestic market share by strengthening DX

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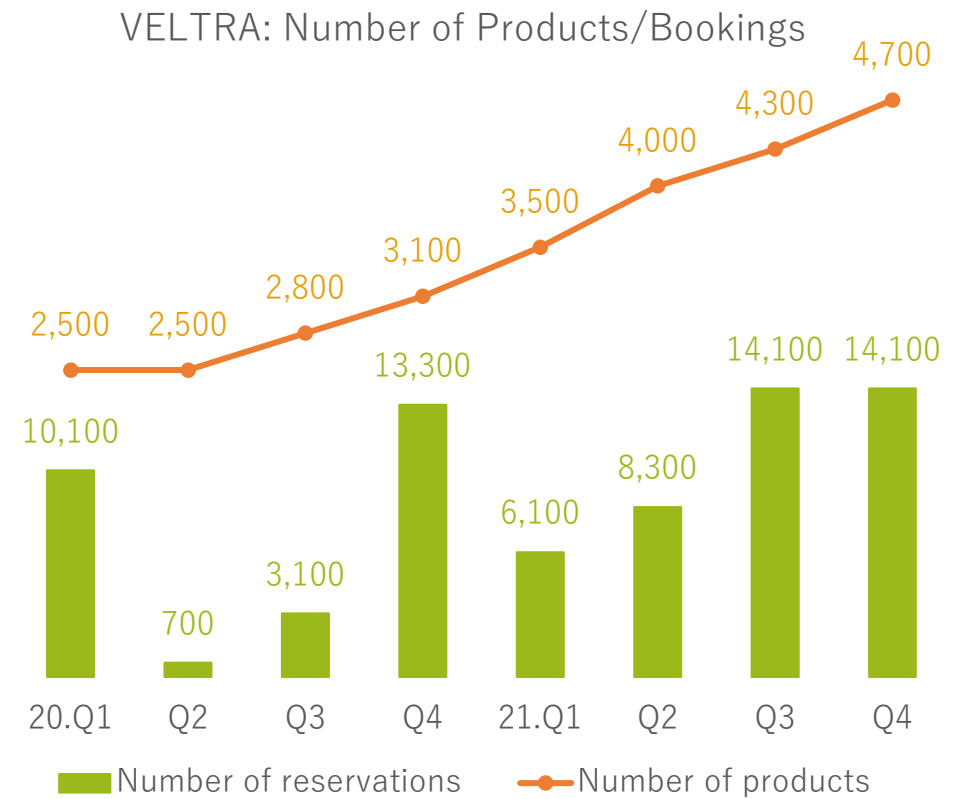
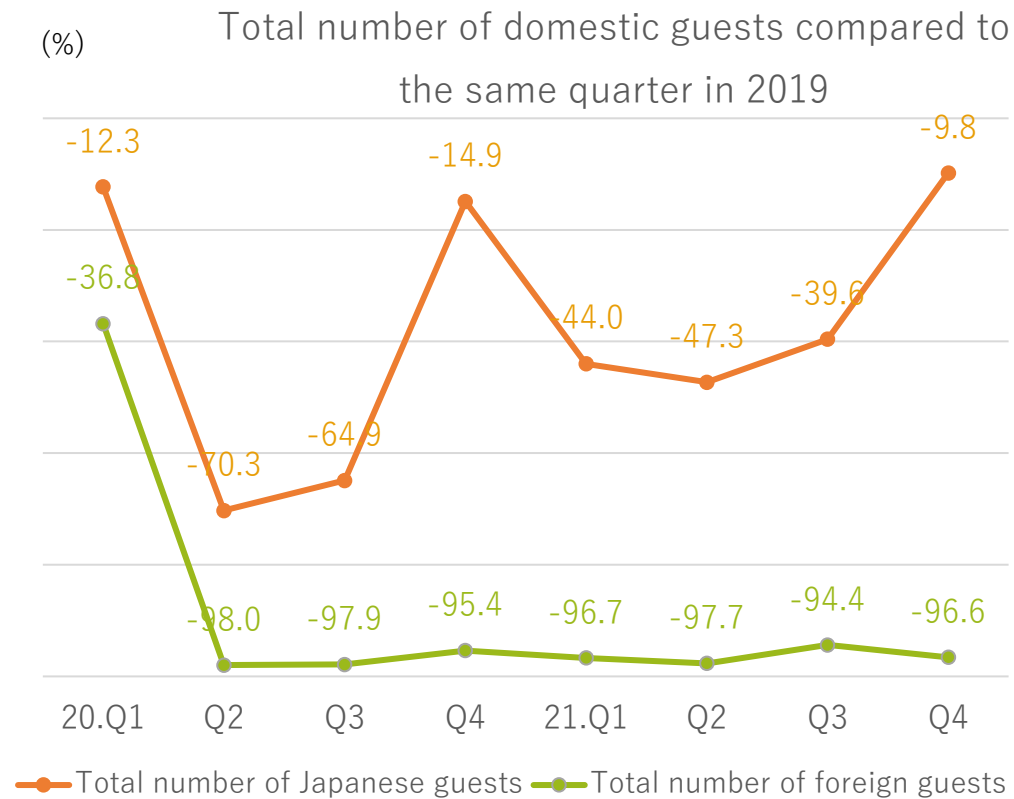
### Finance

**< Secured cash reserves and thorough cost reduction >**

- 1) Continued thorough cost reduction and expense control
- 2) Stabilized management base by raising funds through third-party allocation of new shares

## OTA Business (VELTRA Domestic Travel)

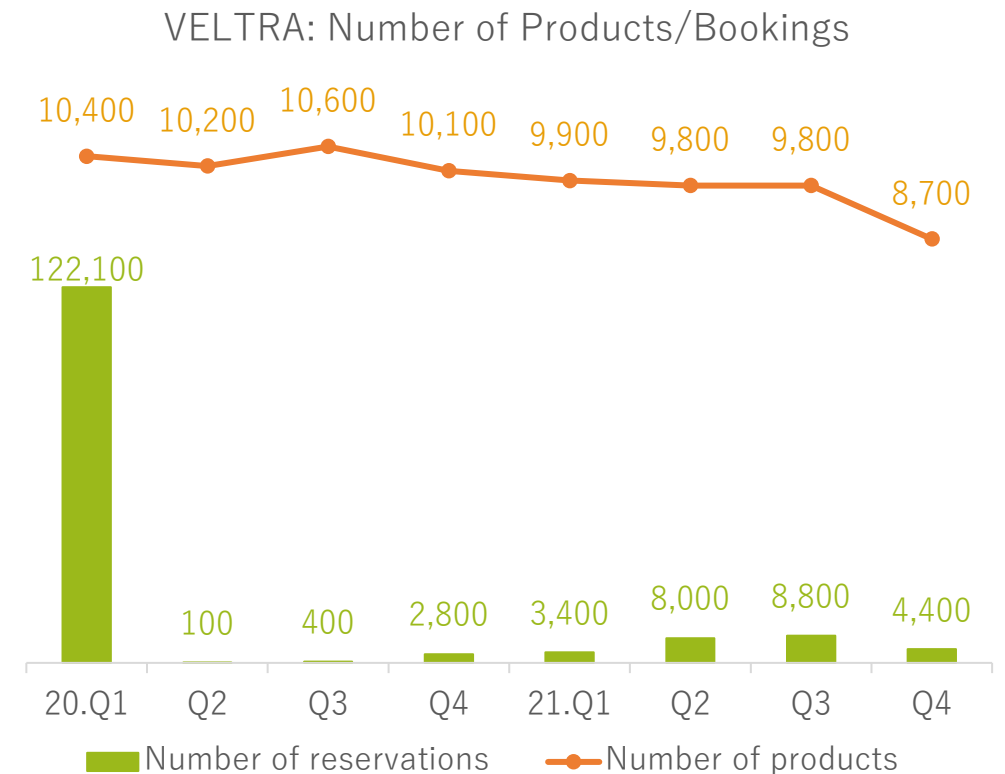
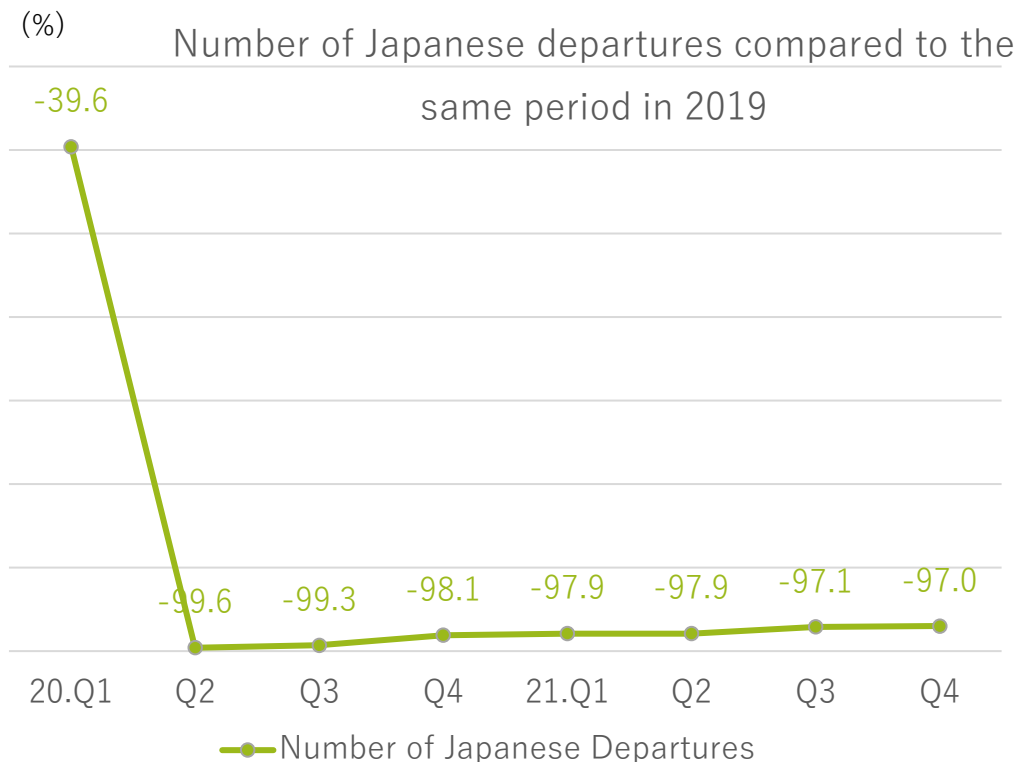
- [Business Environment] Japanese domestic hotel stays down 35.1%; foreign hotel stay down 96.4%
- [Domestic Business] The number of products increased by 1,200, mainly in Okinawa, remote islands and Hokkaido area. Okinawa's Omicron infections at the end of the year slowed down the growth of bookings.



Source: Japan Tourism Agency - Survey of Lodging and Travel Statistics

## OTA Business (VELTRA Overseas Travel)

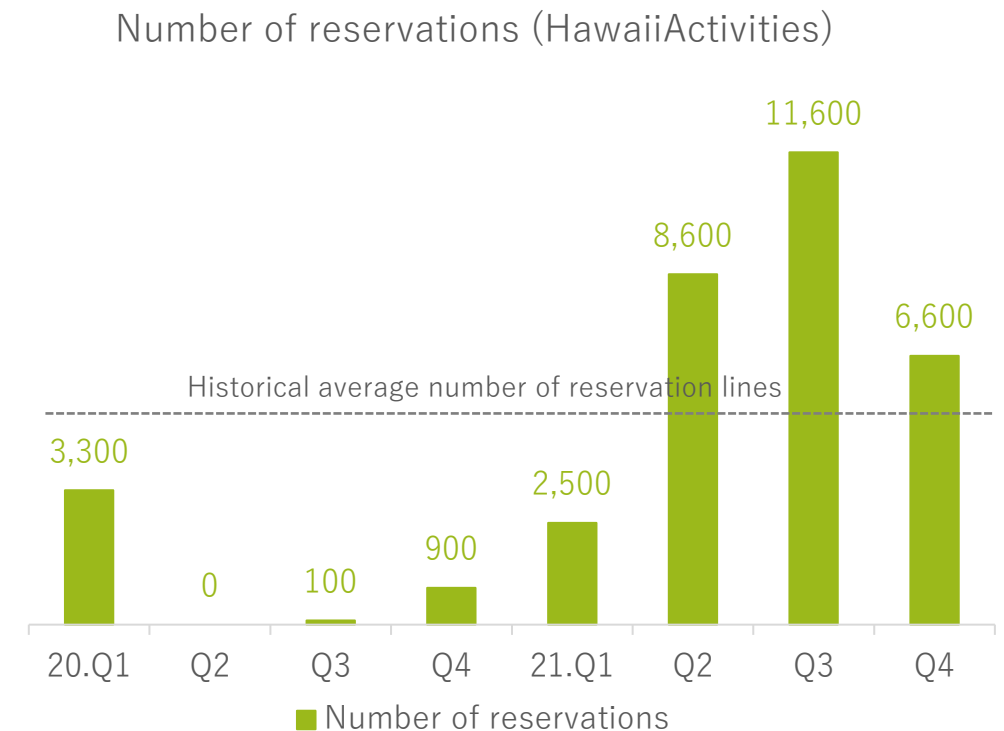
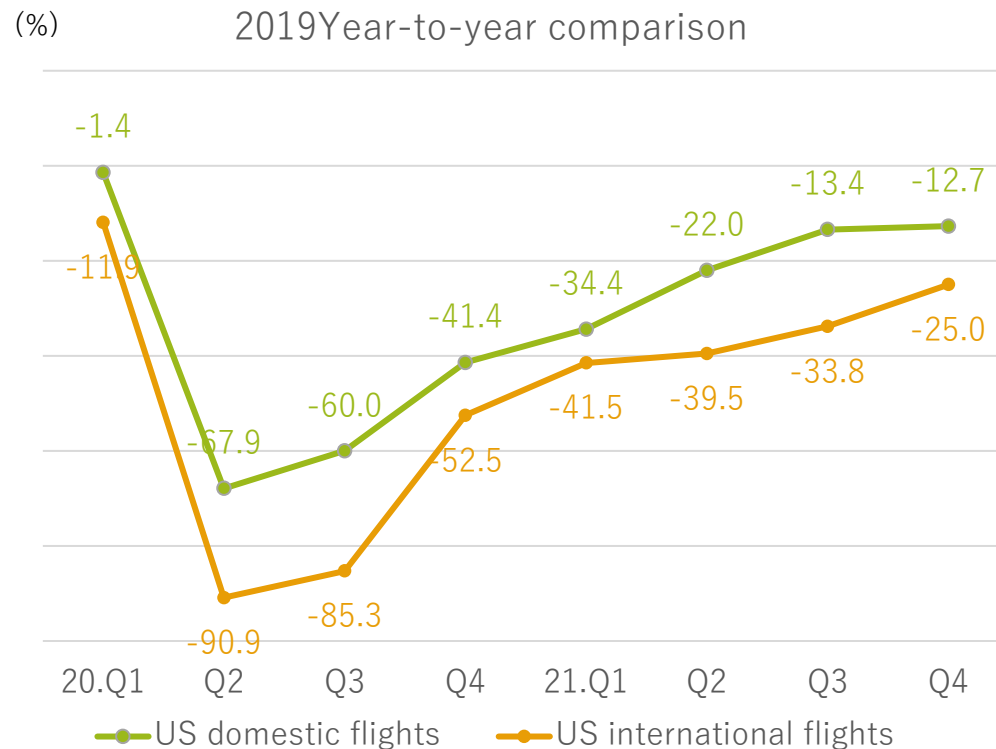
- [Business Environment] Japanese outbound travel saw 97.4% decrease amidst strict restrictions.
- [Overseas Business] Promoting tour activation so immediate action can be taken when recovery occurs.



Source: JNTO (Japan National Tourism Organization) - Statistics on Japanese Departures

## OTA Business (HawaiiActivities, U.S. mainland)

- [Business Environment] The U.S. was quick to adopt a “with COVID” stance to travel. Tourism is showing strong recovery, with domestic flights recovering to 90%.
- [Hawaii Business] Amidst partial recovery of demand in the U.S., Hawaii Activities recorded record profits.



Source: U.S. DEPARTMENT OF TRANSPORTATION - Domestic Passenger - Departures Performed (Flights)

## Platform Business (Linktivity)

- Increased new contracts by approximately 300% by strengthening products. Strengthened services such as direct sales site construction and MaaS promotion.
- Strengthening products and sales channels for the domestic (Japanese) market.
- New services and products will be developed to promote future business growth. Entered into a capital and business alliance agreement with Nippon Telegraph and Telephone West Corporation (NTT West).
- Raised 150 million yen through a third-party allocation of new shares to NTT West.

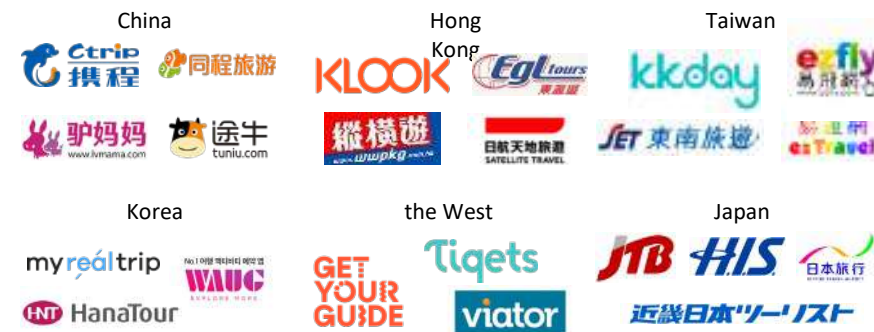
### Sellers: 24 → 90 Companies

JR Group, major private railways, Tokyo Tower, Legoland, etc.



### Resellers: 112 → 167 Companies

Viator, GetYourGuide, Bidan, Lilo Club, etc.





# Financial Measures (cost reduction)

Continued thorough cost reduction efforts in 2021, reducing costs by approximately 1.9 billion yen compared to pre-COVID period.

## Cost reduction measures

### ■ Reduction of labor costs

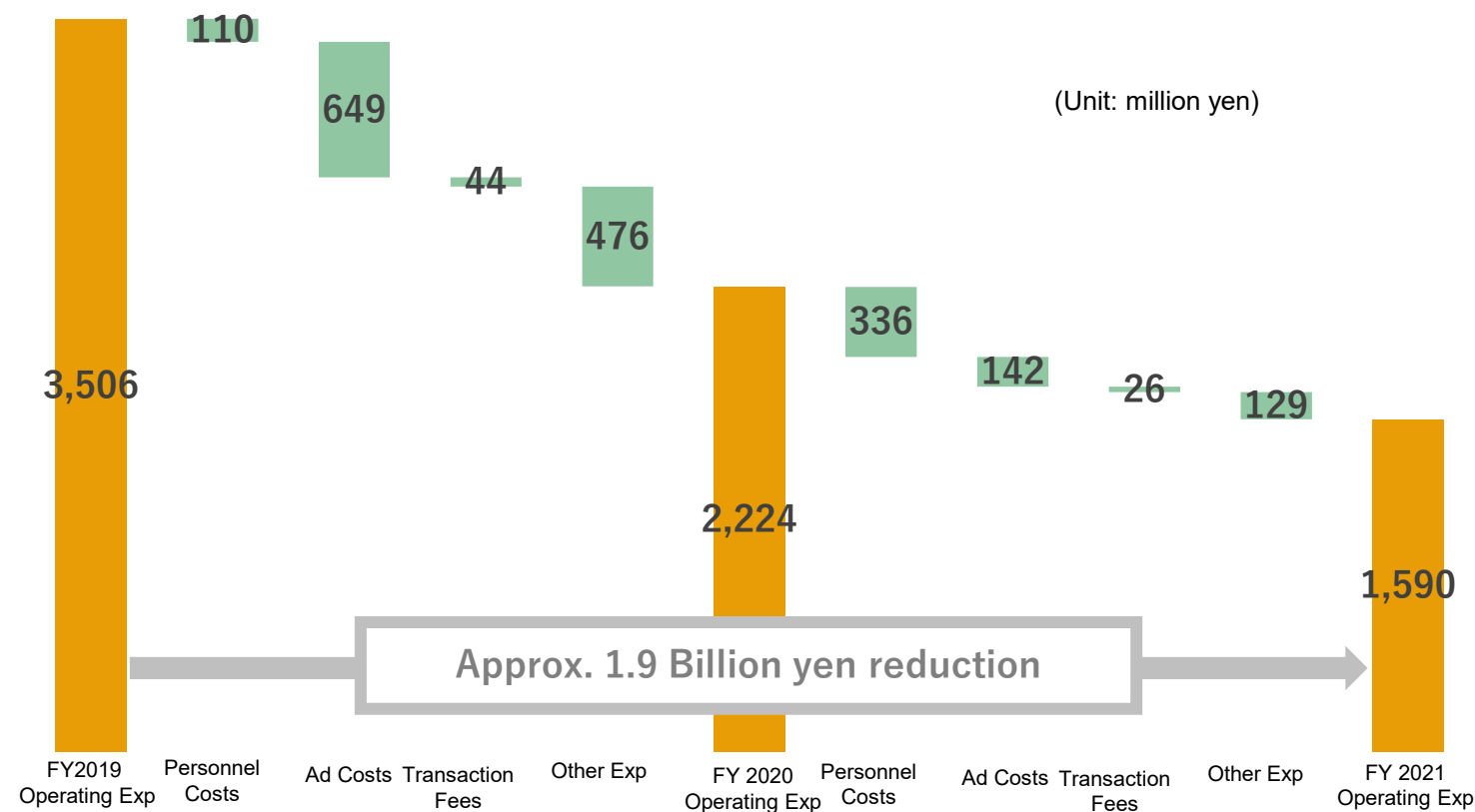
Reduced personnel costs by approximately 607 million yen (including 166 million yen in employment adjustment subsidy income) by reducing executive compensation, taking leave of absence, seconding employees and making available voluntary retirement

### ■ Reduction of advertising costs

Cancelled all TV commercials and overseas travel department advertising.

### ■ Reduction of other expenses

Head office relocation reduced office maintenance costs and implemented additional cost controls





The background of the slide is a photograph of a person lying in a hammock, viewed from behind. Their arms are raised towards the sky, reaching up into the branches of a large, leafy tree. The scene is bathed in warm, golden light, suggesting a sunset or sunrise. The hammock has a light-colored fabric with white tassels hanging from the edges.

## **FY 2022 Future Actions**



### Market Environment

**< Assume that market bottom will be at the same level as 2021 and that travel will recover toward the end of the fiscal year >**

- 1) Domestic travel expected to recover ahead of overseas travel
- 2) International flights are expected to recover in stages

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### Business

**<Overseas travel + domestic travel + inbound travel for a V-shaped recovery>**

- 1) Activation of overseas travel products, continued strengthening of domestic sales activities, and exploration of global opportunities
- 2) Activation of 2 million members
- 3) Further strengthen platform business in cooperation with NTT West

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### Finance

**<Thorough cost reduction and focused and effective investment>**

- 1) Continue thorough cost reduction and expense control
- 2) Funding for medium- to long-term growth investments

# OTA Business for Domestic and Overseas Travel

- Growth acceleration through overseas travel business, as well as new revenue bases such as domestic travel and strengthening of services for English-speaking countries.
- Promote accumulation of assets overseas and in Japan. and implement activities to achieve V-shaped recovery after the travel recovery.

## Future Initiatives

### Overseas Markets

For overseas market, reactivate products to 2019 levels in preparation for the lifting of overseas travel restrictions.

### Domestic Market

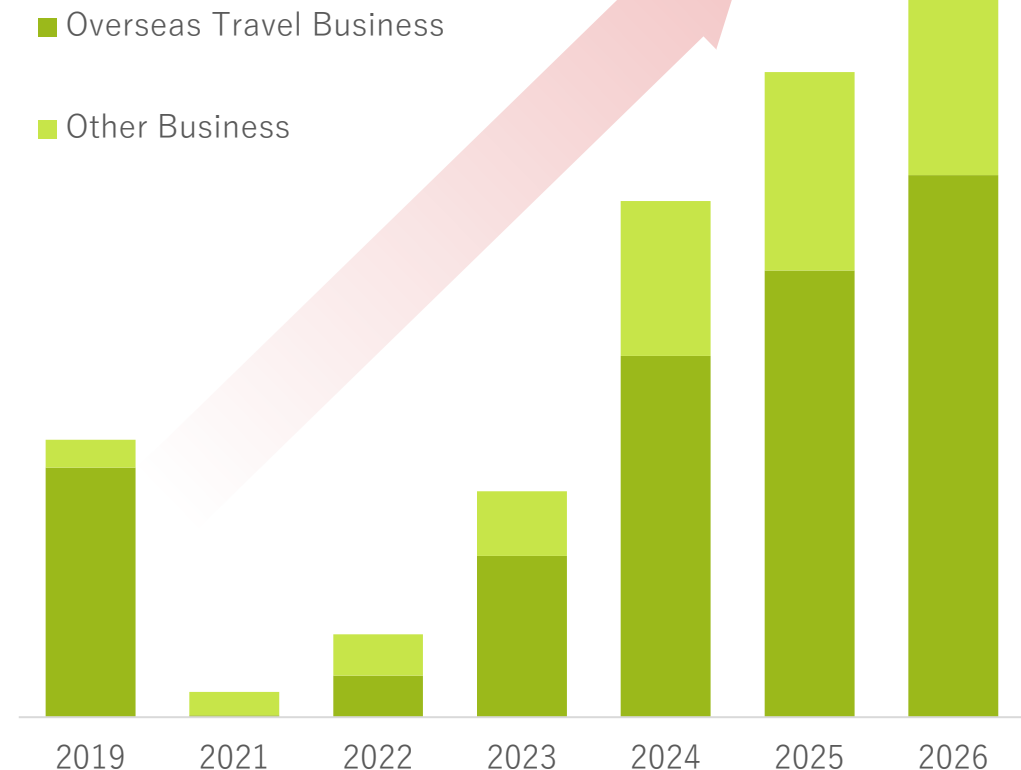
Continue to strengthen product lineup: 1,700 new products to be added this year.

We offer a wide variety of thematic experiences that are second to none in terms of domestic travel, including remote islands and national parks in Japan.

### North American Market (Hawaii Activities)

Veltra plans to strengthen its brand in categories based on environment and eco-tourism, using Hawaii as a starting point, and to expand sales to the North American mainland and other regions.

Image of overseas travel business and expansion of new revenue base



# Maintain and Grow Customer Base with 2 million Members

- Expansion of popular domestic products, digital content and home delivery services.
- Diversification of content is expected to increase the value of existing members not only during the experience, but also in the pre- and post-trip markets.

## Increase touch points through expansion of content and services

Enhance your daily leisure time:  
Hobby Idea Magazine  
YOKKA



Crowdfunding for Tourism Services:  
Connecting the Wishes of Tourism  
Businesses and People Who Want to  
Support Them  
"Zenes."



Tour the world from the  
comfort of your home  
Providing a new form of  
travel:  
Virtual Tours by  
"Online Academy."



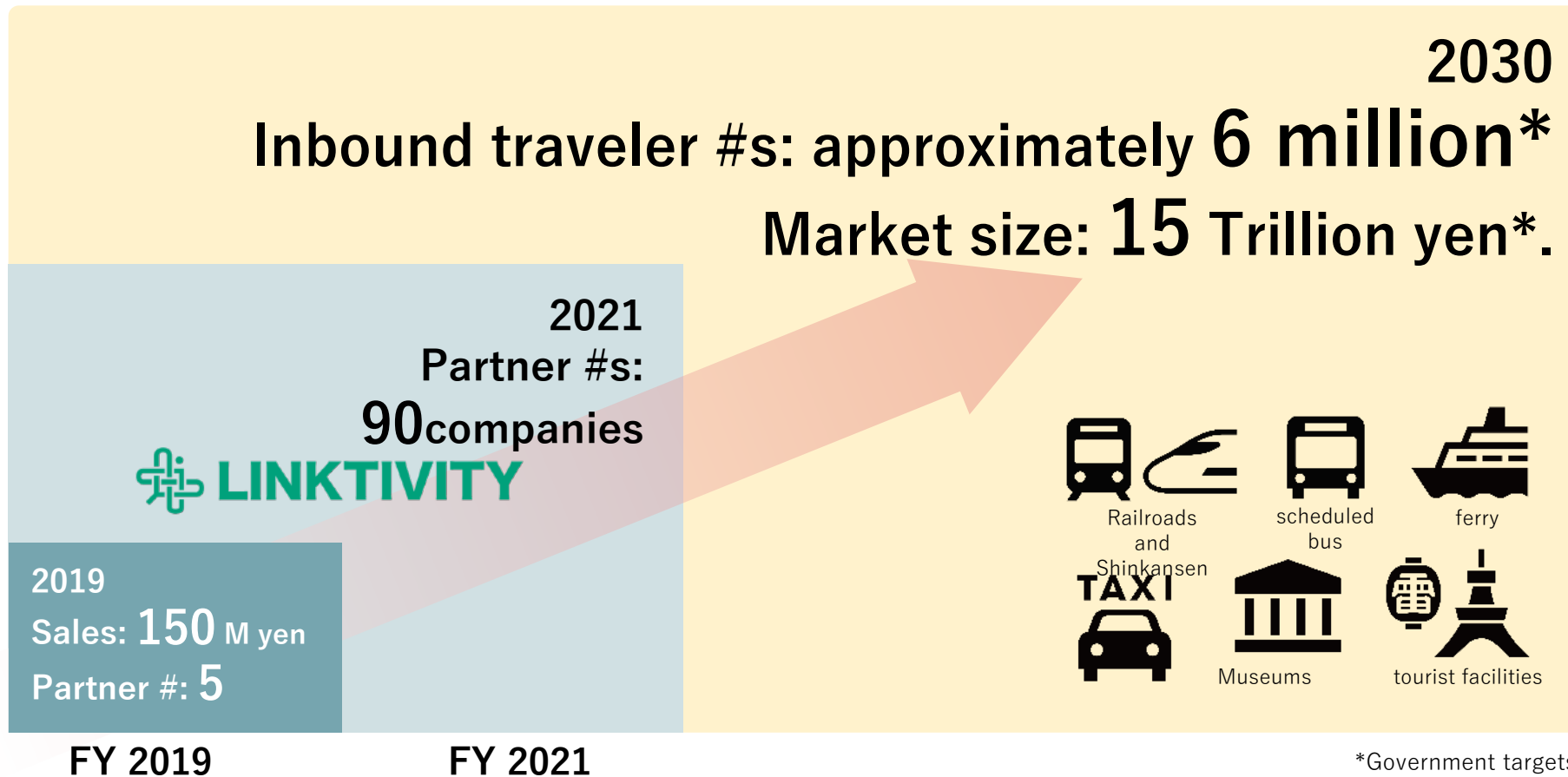
World and Domestic Travel Cuisine:  
A home meal service based on the concept  
"Meals of the World"



Platform Reservation System:  
Strengthen ticket sales for domestic  
facilities and transportation.

# Linktivity- Platform Business

- Will continue to strengthen sales activities on Linktivity in cooperation with NTT West.
- Will further expand from urban areas and promote connections with railroad and bus companies and tourist facilities nationwide.
- Linktivity aims to become fully profitable after the recovery in demand of the inbound market.

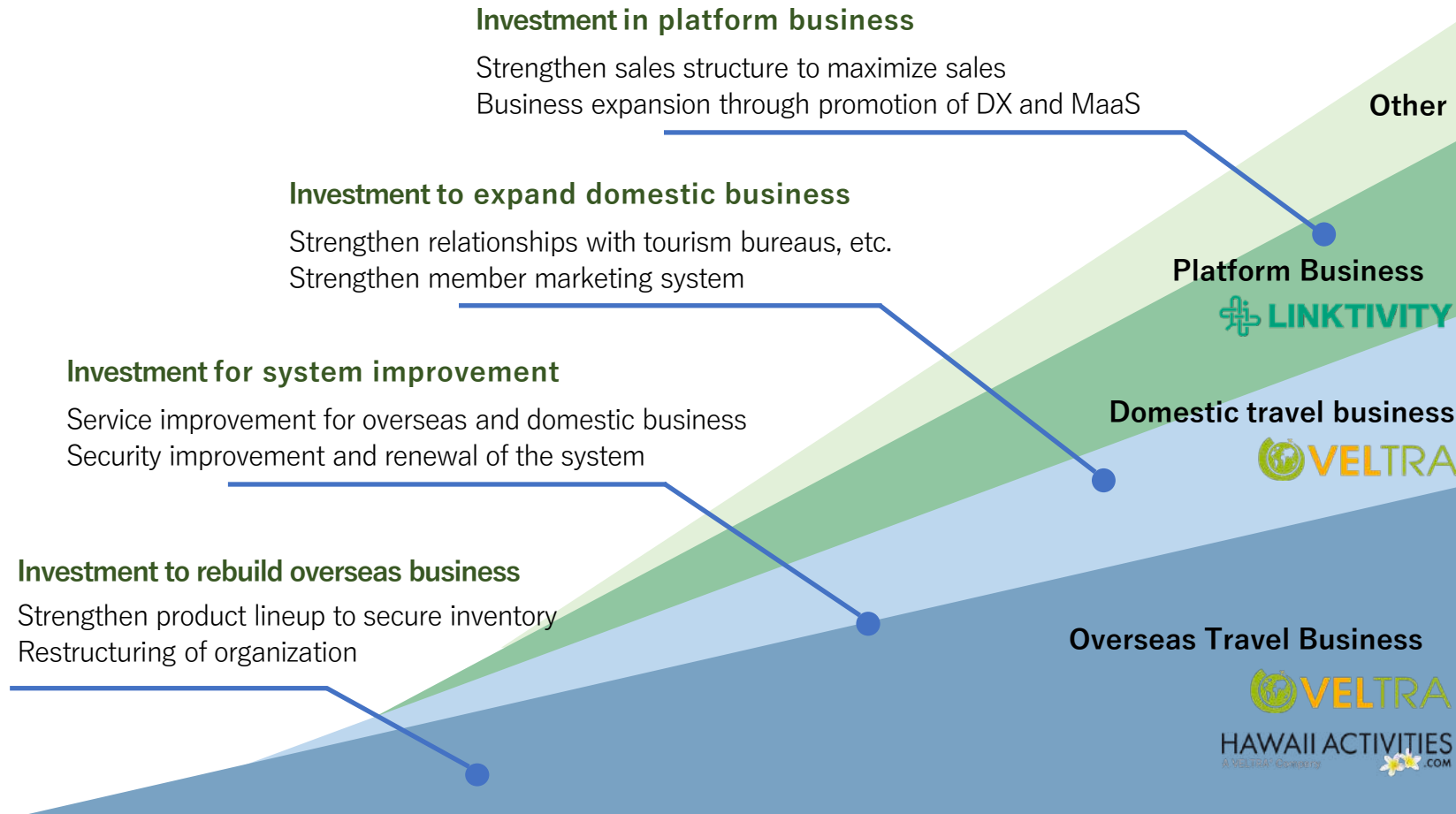


\*Government targets for 2030



# Financial Measures (Fundraising)

- Plan to raise 2.3 billion yen through stock acquisition rights to secure funds for growth investment in anticipation of recovery in travel demand.
- Funding will enable medium- to long-term growth investment even under the worst-case scenario where the impact of COVID-19 will continue



As market demand recovers, we will maximize the use of the products we have increased during COVID period to quickly increase profits.

Shift from product expansion to accelerated growth through unique product lineups and differentiation, such as local tourism and nature activities

We will rebuild our organization to ensure that we are profitable during the recovery and accelerate our growth thereafter.

The amount to be raised is based on the assumption that all the shares will be exercised at the initial exercise price.

A person wearing a yellow hat and a white long-sleeved shirt is sitting on a rocky mountain peak, with their arms raised in a gesture of triumph or joy. The background shows a vast landscape with a lake, forested hills, and distant mountains under a clear blue sky.

## **FY 2022 Earnings Forecast**

With regard to the consolidated earnings forecast for the fiscal year ending December 31, 2022 (full year), as uncertainty of market recovery from COVID-19 impact remains unclear it is difficult to calculate a reasonable earnings forecast at this time. Therefore, the forecast for the fiscal year ending December 31, 2022 has not been determined.

We will promptly disclose the earnings forecast when it becomes possible to do so.



## VELTRA Company Profile

Tokyo Stock Exchange Mothers7048

# Company Profile

Operation of VELTRA.com, one of Japan's largest online reservation sites specializing in local experience-based optional tours

## Profile

Company Name	VELTRA Corporation
Headquarters	1 Kanda Mitoshirocho, Chiyoda, Tokyo
Capital	JPY 1,336,327,970 (as of December 31, 2021)
Founded	November 1991 (VELTRA.com business initiated in 2004)
Fiscal Year Closed In	December
Number of Employees	Headquarters:97 (Consolidated:121 )
Subsidiaries	[Malaysia] VELTRA Malaysia Sdn. Bhd. [USA (Hawaii)] VELTRA Inc. [Korea] VELTRA KOREA Inc. [Japan]. LINKTIVITY Inc.



## Business Category




## Board Members

President and representative director / CEO	Wataru Futagi
Director / COO	Ryoko Mannen
Director	Tomoharu Kurakami
Director	Jumpei Minashima
Director / CTO	Kenichiro Sakamizu
Outside director	Gaku Suzuki
Outside director	Rodney Cuthbert
Auditor	Tetsushi Ikeda
Part-time auditor	Masato Mori
Part-time auditor	Masayuki Kono



# History



1991	ALAN Corporation (currently VELTRA Corporation) was established as a marketing-focused consulting businesses.
2003	Business transfer of a golf course booking site "GORA" to Rakuten (currently "Rakuten GORA").
2004	Business initiation of an overseas activity booking site "Alan1.net" (currently VELTRA).  Launched "HawaiiActivities.com" for the North American market traveling to Hawaii. Acquired all shares of White Publishing, Inc. (currently VELTRA Inc).
2012	The trade name was changed from "Alan 1.net" to "VELTRA" for global business expansion. The company name was also changed from ALAN Corporation to VELTRA Corporation.  Opened an English website. Initiated Japan inbound travel business.  Established VELTRA Malaysia Sdn. Bhd. in Kuala Lumpur, Malaysia as a system development company.
2015	Opened Chinese websites (traditional and simplified).
2016	Acquired all shares of City Discovery SAS, an Online Tours & Activities booking site--CityDiscovery.com--for global markets but mainly targeting English speaking travelers.
2017	The company name of a locally incorporated subsidiary in Paris was changed to VELTRA SAS, a group company of VELTRA.  The company name of a locally incorporated subsidiary in Manila was changed to VELTRA Philippine, a group company of VELTRA.  Launched veltra.kr, a Korean website in partnership with Korean company, 12cm,Inc  Established LINKTIVITY PTE, LTD. in Singapore to supply products mainly focused on Japanese railways and transportation. Full-fledged business initiation for B2B.
2018	Listed on the Mothers Section of the Tokyo Stock Exchange
2019	Established VELTRA KOREA Inc.
2020	Established Linktivity Inc.



# About VELTRA

VELTRA Group provides ways to make various types of inspiring experiences possible



### VISION

Realize a better world through hospitality

### MISSION.

**Design the genuine experiences of tomorrow**

An inspiring experience is one that allows you to truly experience the beauty of culture, nature, and the people you encounter. VELTRA delivers solutions to customers to help them encounter these experiences, and help create activities that lead to a better tomorrow. We aim to realize better social interaction by thinking of the mutual satisfaction with our employees, business partners, customers, and others on a global scale.

# OTA Business

Our core business, VELTRA.com, is the largest local tour and activity booking service in Japan.

In addition to its overwhelming membership base, the company offers "inspiring experiences" that go beyond travel products.



Number of countries: **150**



Number of products: **9,500** Overseas **4,700** Domestic



Number of members:  
**3.04** million



Participants: **2** million  
people/year\*As of 2019



Number of testimonials: **380,000**

## Other Services of VELTRA Booking Platform

English

**HAWAII ACTIVITIES**  
A VELTRA® Company .COM

Hawaii for North American Travelers  
Booking local tours and activities



Number of products: 650



Number of members:  
85,000



Participants: 89,000  
people/year

Japanese

ベルトラ VELTRA  
ONLINE ACADEMY  
オンライン・アカデミー

Online world travel through live-streaming  
experiences



Number of products: 95



Participants: 50,000  
people/year

Japanese

世界のGOHAN@home

Delivering cultural cuisines from around  
the world



Number of products: 95



Number of orders: 5,000  
per year

Japanese

**Corporate  
Services**

Selling VELTRA products on the  
corporate website

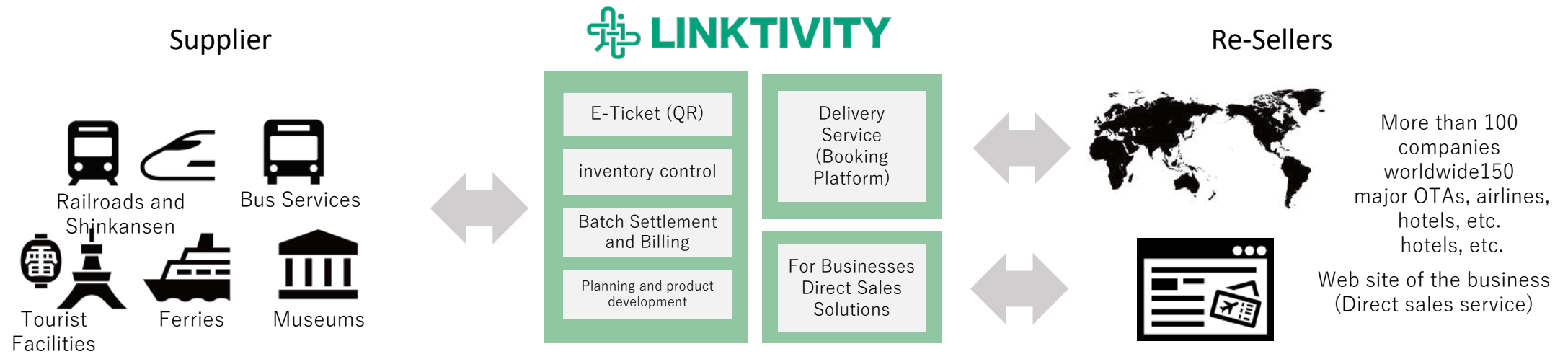


Benefit one

...and many  
others

# Tourism IT Business

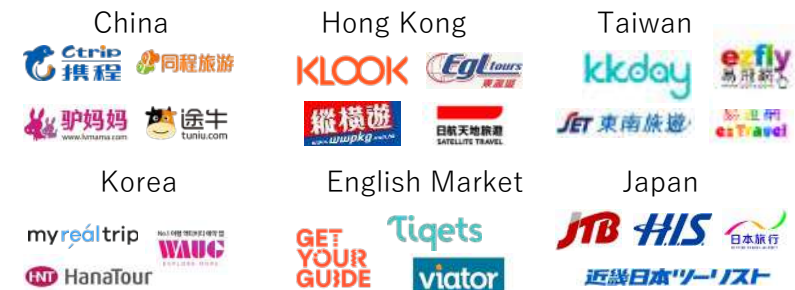
Supporting sales of Japanese transportation and tourism facilities and providing a platform to connect travel agencies around the world with seamless experiences such as digital ticketing and MaaS, and sales opportunities through DX promotion.



[A selection of our Suppliers]



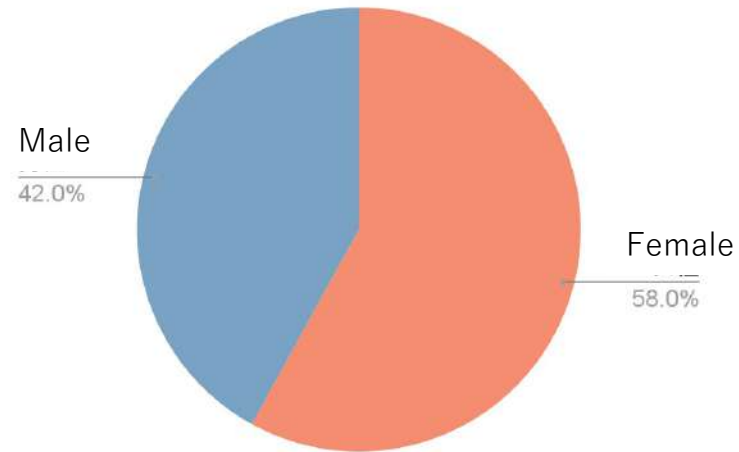
[A selection of our Re-Sellers]



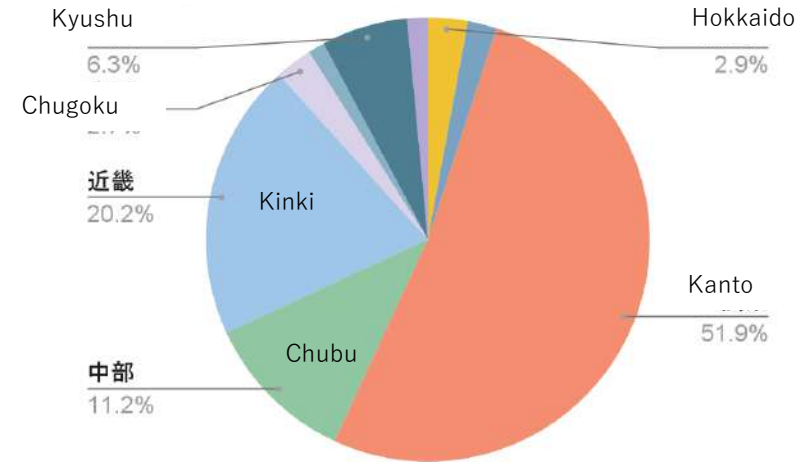
# VELTRA.com User Overview

Support from a wide range of customers, more than 99% of whom have traveled abroad.

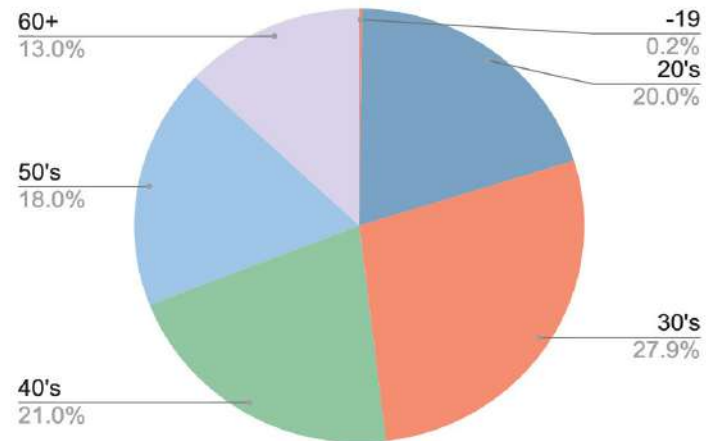
Gender



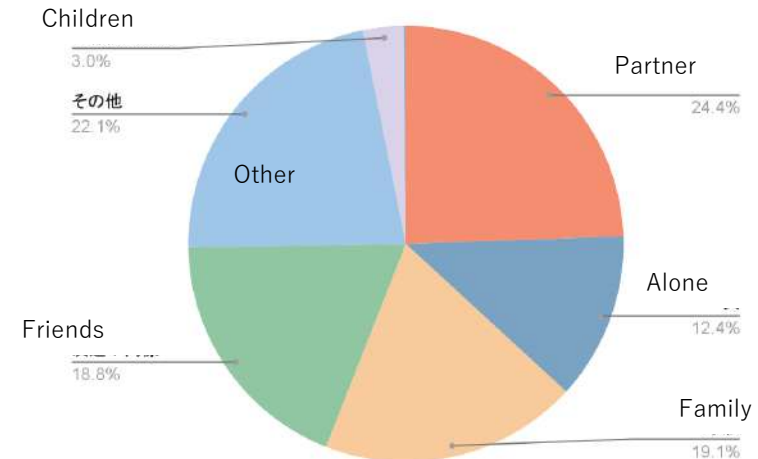
Residence (Japanese customers only)



Age Groups

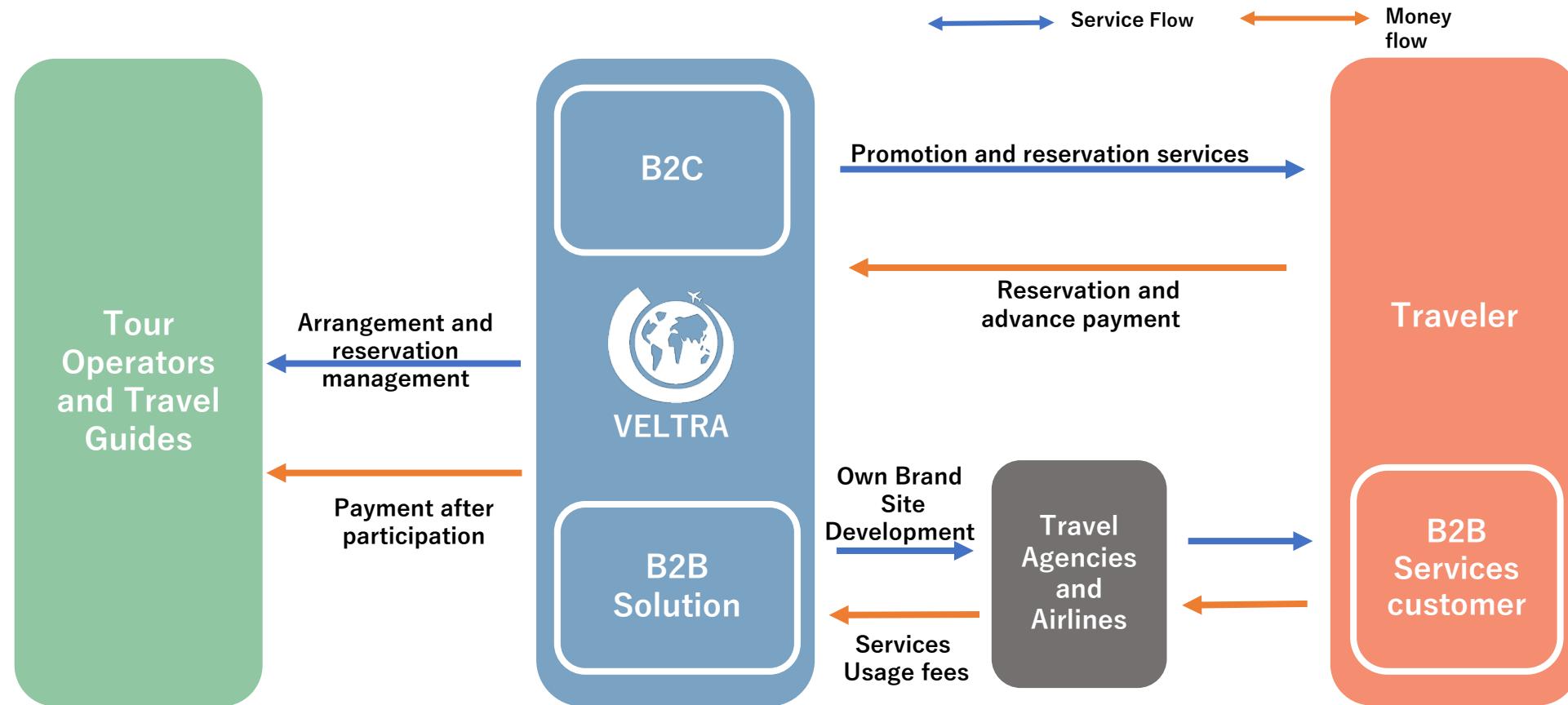


Traveling with...



# Business Model of VELTRA.com

The OTA business (VELTRA & HawaiiActivities), the core of the VELTRA Group, has a commission model for reservation sales.







# Our Strengths


VELTRA's strength is its worldwide network, unparalleled product line-up, marketing capabilities and high levels of customer satisfaction.


## Presence in the online market

The company's integrated marketing capabilities, from customer attraction to product planning and purchasing, have established it as a prominent name and sales force in the online market for experiential products.

 **30010,000  
USER/month\***  
Organic customer attraction  
\*Average of 2017 ~.2019


 **200,000  
USER/month**  
Own ability to attract customers


 BtoB network of **more than 2,000 domestic companies**

 API system integration with more than **100 companies**


## Services that are chosen by customers

Specializing in experiential products, we have achieved a high level of satisfaction from both customers and suppliers that no other company can imitate through our refined services and product management system.

 **50% of**  
reservations are repeaters  
2019\*Yearly results

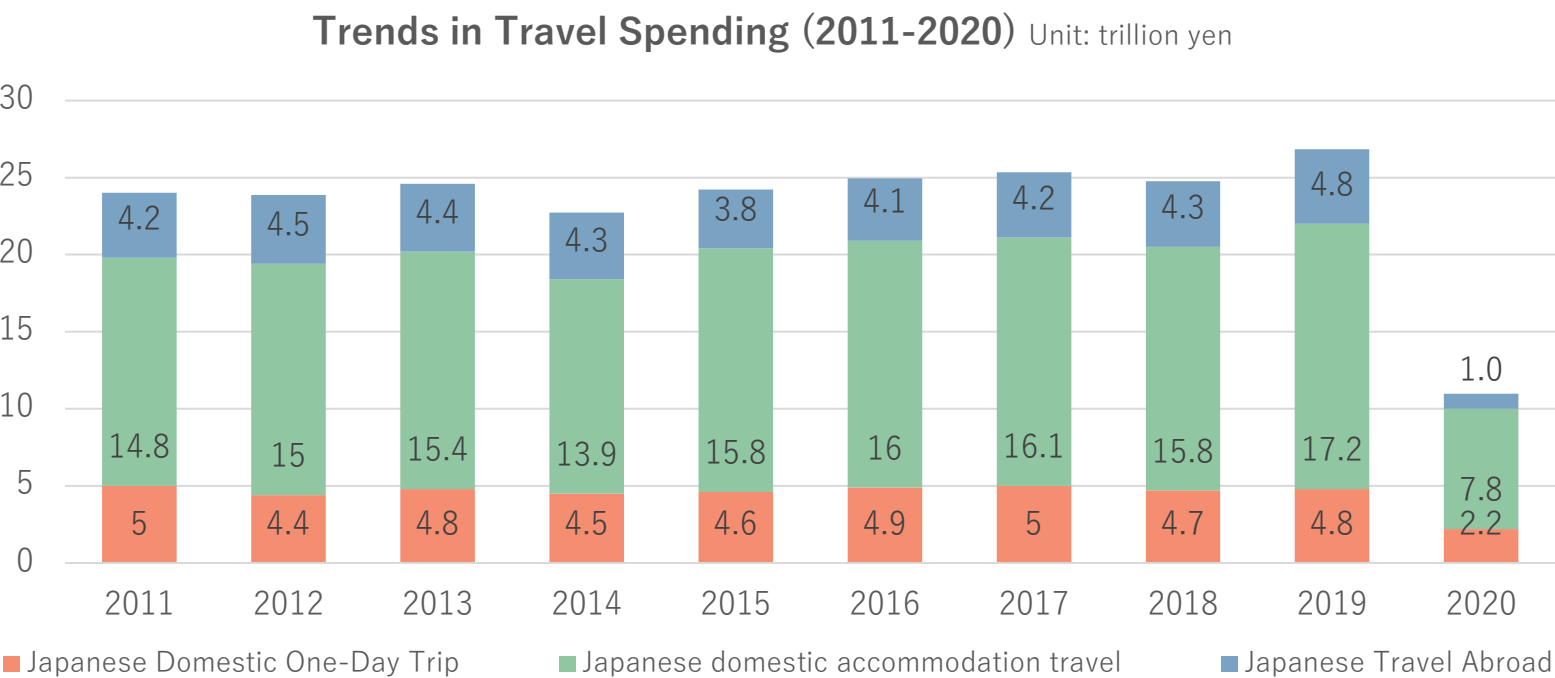
 **NPS (+27%)**  
customer loyalty

 Localized **UI/UX**

 **24/7 Customer Support Structure**

# Growth potential of target markets

The Japanese domestic and overseas travel markets have been **stable over the past10 year without major fluctuations**. The market is likely to recover to a similar level when travel resumes.

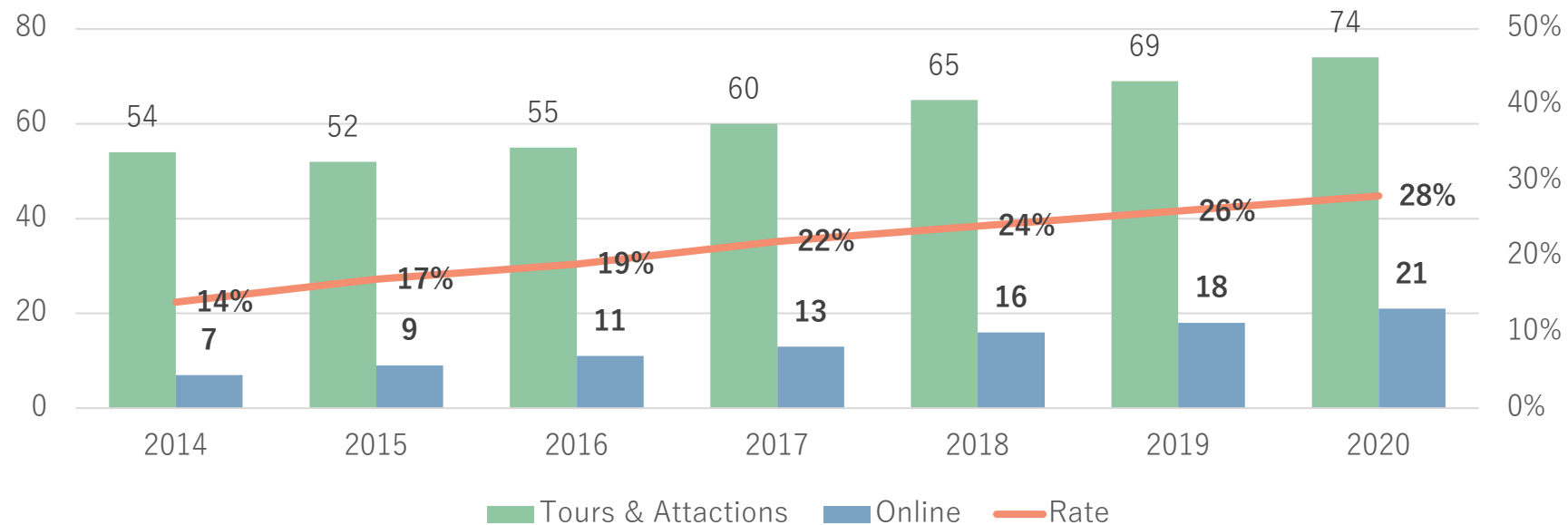


Calculated based on the Japan Tourism Agency's "Survey on Travel and Tourism Consumption Trends."

## Growth potential of target markets

In the tour and activity market, where offline sales have been the mainstream, **COVID-19 will be a driver to promote DX and online sales, where even higher growth is expected.**

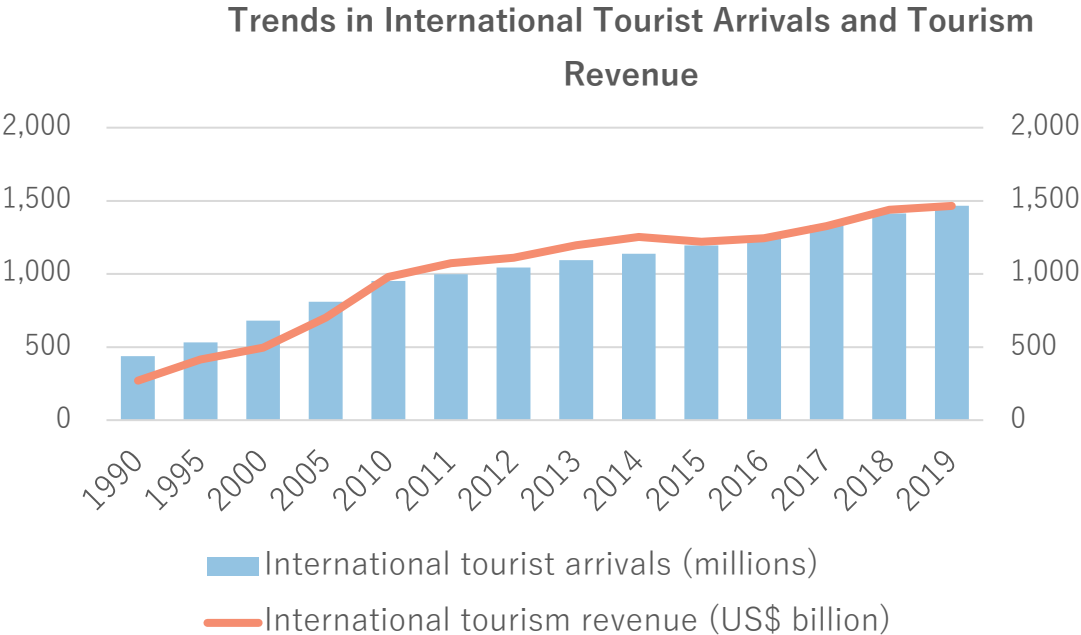
Global Tours & Attractions Total & Online, 2014-2020 (US\$B)



Phocuswright "Tours & Activities Come of Age: The Global Travel Activities Marketplace 2014-2020" July, 2017 2017-20 are estimates.

# Market Environment - Current State of the Travel Market

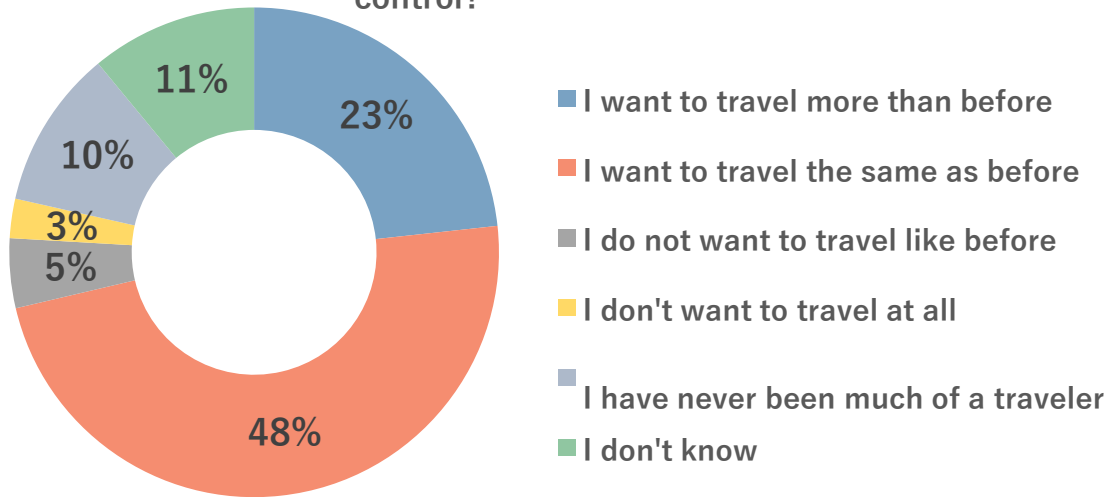
The tourism and hospitality industry is a **very resilient sector** that has overcome the 9.11 terrorist attacks and the 2009 financial crisis, recovering to a growth rate greater than GDP.



UNWTO "World Tourism Barometer" (2021 March)

Japanese are **still highly motivated to travel** after COVID-19 is contained.

Q. How do you feel about travel once COVID-19 is under control?



Trends in Japanese Travelers under a New Coronavirus Infection Epidemic.  
Public Interest Incorporated Foundation Japan Transport Corporation (20217)

## Points to note

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Forward looking statements made in this document include information regarding forecast of financial results and business plans. The information in this report is based on information that is available, as well as estimates, assumptions and projections that are believed to be reasonable at the time of publication and include risks or uncertainties. They are not meant to be binding commitments by the Company. There may be cases in which actual results differ from forecast values.

Even though new situations occur in the future or conditions fluctuate, VELTRA does not intend to change or revise the descriptions found in this document.

The purpose of this document is to provide information, and not to solicit the selling or buying of VELTRA shares. VELTRA requests that you avoid making investment decisions based entirely on information provided in this document and that you choose your investments at your own discretion.

Also, regarding information other than those included in this document, it is quoted from disclosed sources, and VELTRA has not verified the accuracy or appropriateness of such information, and it will give no guarantees for said information.



